

# *NORTH DAKOTA*

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## New Jobs Training Program

**No-Cost Job Training  
for New and  
Expanding Businesses**



Administered by Job Service North Dakota

# ***Program Overview and Mission***

The North Dakota New Jobs Training Program provides incentives to businesses and industries that are creating new employment opportunities through business expansion or relocation to North Dakota. The program provides a mechanism for companies to secure no-cost funding to help offset the cost of training new employees for business expansion and/or startup. The program was established by the 1993 North Dakota Legislature.

## ***Funding Assistance***

Under the New Jobs Training Program, the business obtains funds in the form of a loan, a repayable grant, or under a self-financing option. The loan can be obtained from a commercial lender, local development corporation, Bank of North Dakota, or other qualified lender. Repayable grants could be issued by the state, a city, or a local development corporation.

The loan or grant, plus interest, is repaid through the capture of the state income tax withholding generated from the permanent, full-time new positions that are created. Under the self-financing option, sixty percent of the allowable state income tax withholding can be reimbursed directly to the participating business. *The withholding credit is based on the new position and not individuals in the position.* The new position may have any number of individuals in the position during the life of the program. State income tax withholding can be captured for up to a ten year period or until the loan is repaid, whichever comes first.

## ***Your Business May Qualify***

If your business is locating to North Dakota or is expanding, you may qualify for funding. The initial criteria is that the business must be a “primary sector” business, defined as one that adds value to a product, process, or export service resulting in the creation of new wealth, excluding production agriculture. Eligible new positions that can be included under a North Dakota New Jobs Training Program agreement must pay at least \$7.50 per hour plus benefits by the end of the first year of employment.

Other qualifying criteria include:

- Businesses locating to the state must create a minimum of five new jobs. Expanding businesses must increase the level of employment by at least one employee.
- Your business must not be closing or reducing its operations in one area of the state and relocating the same operation to another part of the state.
- Your business must have an economically and socially desirable purpose.

# ***Calculation of State Income Tax Withholding Credit***

The amount of state income tax withholding available to a project is based on the following criteria:

- The number of permanent, full-time new positions created.
- The wage rate paid to individuals filling the new positions.
- A withholding formula provided by the North Dakota State Tax Department is applied to the actual annual salary of the new jobs being created.
- The formula considers the individual's average tax liability using a varying number of exemptions.
- The formula is applied to the annual gross wages of the new jobs created, and is then multiplied by the number of new positions in each pay category.
- This figure is then multiplied by ten (the maximum number of years of the program) to establish the maximum state income tax withholding available under a North Dakota New Jobs Training Program.

## ***Determining the loan amount or self-financing amount***

1. The employer provides the lender with the amount of state income tax withholding available.
2. Based on the interest rate charged and draw-down schedule established by the employer, the lender amortizes the total amount of state income tax withholding back to determine the loan amount.
3. Under the self-financing option, sixty percent of the allowable quarterly withholding will be reimbursed directly to the employer up to the maximum available withholding identified in a program agreement.

## ***Early Repayment***

If the employer creates the number of new jobs identified in the North Dakota New Jobs Training Program agreement at the wage rates projected, most loans or self-financing options will repay themselves in less than the ten year program period. Early repayment takes place when:

- *Average* tax liabilities are used to calculate the amount of state income tax withholding credit available, but the *actual* withholding reported is used to credit loan repayments.
- Most individuals have more state income tax withheld than their actual tax liability.
- The agreement does not build in salary increases during the ten year period, resulting in larger withholdings.

# ***Repayment Terms***

- Employers must file Form F-306, *North Dakota State Income Tax Withholding Return* with the North Dakota State Tax Department. Form F-306 identifies the quarter ending date, program number, and the total amount of North Dakota state income tax withheld during the quarter from wages paid to employees who fill qualified new positions.
- The qualified new position number, name, and Social Security number of the employee filling the new position, and the amount of North Dakota state income tax withheld during the quarter for the employee are also required.

After receipt and verification of Form F-306, the North Dakota State Tax Department will transfer the amount of the new job(s) credits from withholding to a special fund set up and administered by the state treasurer. A check will be drawn on the special account payable to the lender identified in the agreement, or directly to the business under the self-financing option. This transfer will be made by the third working day of the third month following the end of the calendar quarter. For the first quarter this will occur in June; the second quarter in September; the third quarter in December, and the fourth quarter in March.

# ***Loan Proceeds***

There are no limitations on the use of these funds. The loans received under the New Jobs Training Program can be used by employers for whatever purpose they wish. The program will be monitored to insure that the number of new positions agreed to in the Final Agreement are actually created, and that these new positions are paid at least a minimum of the wage specified in the agreement.

# ***Application Process***

Requests for information on the New Jobs Training Program should be submitted to:

Workforce Programs  
Job Service North Dakota  
P.O. Box 5507  
Bismarck, North Dakota 58506-5507  
Phone: 701-328-3358  
Fax: 701-328-4894



WORKFORCE PROGRAMS  
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Auxiliary aids and services are available upon request.